



North Dakota REV-E-NEWS

**From Rod Backman, Director
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After two months of revenue shortfalls, we were encouraged that December was a positive month for revenue collections - thanks to corporate income tax collections. Revenue collections exceeded projections by \$7.2 million, however, \$3.1 million of that overage is due to the telecommunications tax being deposited into the general fund. This tax will eventually be distributed to counties by the Tax Department.

The Office of Management and Budget, the Tax Department and WEFA are now in the process

of working on the legislative revenue forecast. The Advisory Council on Revenue Forecasting will meet early in February. We hope to have the forecast finished by February 15.

Comments or Questions???

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Did You Know . . .

As the result of an employee suggestion, the Facility Management Division of the Office of Management and Budget is now saving approximately \$5,000 per month on the purchase of electricity from MDU. Jim Leingang, Facility Management employee, submitted a suggestion through the employee incentive pro-

gram to negotiate the price of electricity with MDU below the already discounted price. The negotiation took place and as a result, Facility Management will save approximately \$60,000 per year for the next seven years. For his suggestion, Jim Leingang received an employee incentive check for \$1,000.

Oil Activity

Preliminary estimates by the Industrial Commission's Oil and Gas Division show November oil production to be 95,580 barrels per day. Current oil production is stable due to the Stadium Lodgepole Unit and new horizontal wells in Burke County. The price of oil

remains at 1933 levels when adjusted for inflation. The current price of oil is in the \$8 per barrel range.



STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
1997-99 BIENNIUM
DECEMBER, 1998

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	Apr-97 Legislative Forecast	Actual	Variance	Percent	Apr-97 Legislative Forecast	Actual	Variance	Percent
Sales and Use Taxes	\$ 21,060,000.00	\$ 21,146,042.66	\$ 86,042.66	0.4%	\$ 419,801,000.00	\$ 417,906,740.94	\$ (1,894,259.06)	-0.5%
Motor Vehicle Excise Tax	4,094,880.00	3,570,450.60	(524,429.40)	-12.8%	73,597,140.00	70,746,452.49	(2,850,687.51)	-3.9%
Individual Income Tax	3,375,320.00	3,688,438.50	313,118.50	9.3%	226,990,080.00	248,939,484.75	21,949,404.75	9.7%
Corporate Income Tax	3,206,700.00	8,567,568.73	5,360,868.73	167.2%	64,878,300.00	85,600,218.65	20,721,918.65	31.9%
Insurance Premium Tax	760,000.00	947,491.83	187,491.83	24.7%	23,580,000.00	22,867,969.02	(712,030.98)	-3.0%
Business Priv./Financial InstitutionsTax	24,800.00	40,067.00	15,267.00	61.6%	2,108,000.00	2,606,606.25	498,606.25	23.7%
Oil & Gas Production Tax	1,477,549.00	600,242.30	(877,306.70)	-59.4%	25,155,580.00	20,943,835.44	(4,211,744.56)	-16.7%
Gaming Tax	20,000.00	60,958.31	40,958.31	204.8%	16,746,000.00	16,976,941.58	230,941.58	1.4%
Interest Income	394,000.00	560,145.08	166,145.08	42.2%	10,592,000.00	13,387,729.24	2,795,729.24	26.4%
Oil Extraction Tax	1,136,100.00	419,489.70	(716,610.30)	-63.1%	18,199,940.00	13,227,141.97	(4,972,798.03)	-27.3%
Cigarette and Tobacco Tax	1,823,200.00	1,778,862.98	(44,337.02)	-2.4%	34,550,800.00	34,288,054.60	(262,745.40)	-0.8%
Departmental Collections	1,200,000.00	4,471,832.03	3,271,832.03	272.7%	19,545,000.00	28,125,254.99	8,580,254.99	43.9%
Wholesale Liquor Tax	513,715.00	435,605.65	(78,109.35)	-15.2%	8,094,780.00	8,087,411.75	(7,368.25)	-0.1%
Coal Severance Tax	900,160.00	981,874.24	81,714.24	9.1%	16,685,000.00	16,761,788.64	76,788.64	0.5%
Coal Conversion Tax	1,071,450.00	1,021,813.67	(49,636.33)	-4.6%	17,918,500.00	17,820,337.98	(98,162.02)	-0.5%
Mineral Leasing Fees	200,000.00	207,532.50	7,532.50	3.8%	3,600,000.00	6,154,128.18	2,554,128.18	70.9%
Bank of North Dakota - Transfer	14,600,000.00	14,600,000.00			29,600,000.00	29,600,000.00		0.0%
State Mill and Elevator - Transfer								
Gas Tax Admin. - Transfer					846,654.00	846,654.00		0.0%
Other Transfers			-	100.0%	27,162,270.00	30,205,517.47	3,043,247.47	11.2%
TOTAL REVENUES AND TRANSFERS	\$ 55,857,874.00	\$ 63,098,415.78	\$ 7,240,541.78	13.0%	\$ 1,039,651,044.00	\$ 1,085,092,267.94	\$ 45,441,223.94	4.4%

**COMPARISON TO PREVIOUS BIENNIUM REVENUES
1997-99 BIENNIUM
DECEMBER, 1998**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	DECEMBER, 1996	DECEMBER, 1998	Variance	Percent	1997	1999	Variance	Percent
Sales Tax	\$ 19,058,217.10	\$ 21,146,042.66	\$ 2,087,825.56	11.0%	\$ 387,006,197.08	\$ 417,906,740.94	\$ 30,900,543.86	8.0%
Motor Vehicle Excise Tax	4,092,966.10	3,570,450.60	(522,515.50)	-12.8%	65,691,665.96	70,746,452.49	5,054,786.53	7.7%
Individual Income Tax	3,960,530.07	3,688,438.50	(272,091.57)	-6.9%	213,760,149.16	248,939,484.75	35,179,335.59	16.5%
Corporate Income Tax	4,810,823.96	8,567,568.73	3,756,744.77	78.1%	68,359,194.32	85,600,218.65	17,241,024.33	25.2%
Insurance Premium Tax	1,321,387.54	947,491.83	(373,895.71)	-28.3%	25,076,274.25	22,867,969.02	(2,208,305.23)	-8.8%
Business Privilege Tax	44.23	40,067.00	40,022.77	910.6%	1,831,104.13	2,606,606.25	775,502.12	42.4%
Oil & Gas Production Tax	1,888,052.60	600,242.30	(1,287,810.30)	-68.2%	22,114,527.29	20,943,835.44	(1,170,691.85)	-5.3%
Gaming Tax	70,665.18	60,958.31	(9,706.87)	-13.7%	17,412,144.64	16,976,941.58	(435,203.06)	-2.5%
Interest Income	491,333.99	560,145.08	68,811.09	14.0%	9,960,896.78	13,387,729.24	3,426,832.46	34.4%
Oil Extraction Tax	1,213,219.44	419,489.70	(793,729.74)	-65.4%	16,577,310.04	13,227,141.97	(3,350,168.07)	-20.2%
Cigarette and Tobacco Tax	1,814,480.38	1,778,862.98	(35,617.40)	-2.0%	34,451,365.28	34,288,054.60	(163,310.68)	-0.5%
Departmental Collections	1,081,418.29	4,471,832.03	3,390,413.74	313.5%	20,673,964.37	28,125,254.99	7,451,290.62	36.0%
Wholesale Liquor Tax	408,195.57	435,605.65	27,410.08	6.7%	7,959,248.22	8,087,411.75	128,163.53	1.6%
Coal Severance Tax	879,100.61	981,874.24	102,773.63	11.7%	16,661,989.41	16,761,788.64	99,799.23	0.6%
Coal Conversion Tax	1,041,047.79	1,021,813.67	(19,234.12)	-1.8%	18,245,580.19	17,820,337.98	(425,242.21)	-2.3%
Mineral Leasing Fees	244,741.25	207,532.50	(37,208.75)	-15.2%	3,428,792.34	6,154,128.18	2,725,335.84	79.5%
Bank of North Dakota - Transfer		14,600,000.00	14,600,000.00	0.0%	37,500,000.00	29,600,000.00	(7,900,000.00)	-21.1%
State Mill and Elevator - Transfer								
Gas Tax Admin. - Transfer			0.00		803,908.50	846,654.00	42,745.50	5.3%
Other Transfers	1.27		(1.27)	100.0%	25,390,498.63	30,205,517.47	4,815,018.84	19.0%
TOTAL REVENUES AND TRANSFERS	\$ 42,376,225.37	\$ 63,098,415.78	\$ 20,722,190.41	48.9%	\$ 992,904,810.59	\$ 1,085,092,267.94	\$ 92,187,457.35	9.3%

Revenue Variances

December sales tax collections, which actually represent November sales, exceeded the legislative forecast by \$86,042, a variance of 0.4 percent. Nationwide, Christmas sales in October and November were slower than usual, possibly a result of the nicer than usual weather. Indications are that Christmas sales in December were higher than expected. Sales tax collections for December are submitted in January, therefore, next month we will have a complete picture of the results of the holiday sales. Biennium-to-date collections are \$1.8 million or 0.5 percent behind projections.

Motor vehicle excise tax collections fell behind the legislative forecast by \$524,429 or 12.8 percent. Biennium-to-date collections are now \$2.8 million or 3.9 percent below biennium-to-date projections.

Individual income tax collections exceeded projections by \$313,118 or 9.3 percent for the month. Biennium-to-date collections are now \$21.9 million or 9.7 percent ahead of biennium-to-date projections.

Corporate income tax collections exceeded forecast by \$5.3 million or 167.2 percent. This overage is due to strong estimated payments from corporations. Biennium-to-date collections are \$20.7 million or 31.9 percent ahead of projections.

The oil taxes - oil and gas production tax and oil extraction tax - continue to fall behind the legislative forecast and will continue to do so until the price of oil rebounds. Biennium-to-date collections for both oil taxes are now \$9.1 million below the legislative forecast. The November revenue forecast assumes oil revenues will be \$13.8 million below the legislative forecast by the end of the biennium.

Departmental collections exceeded the monthly projection by \$3.2 million. Included in this variance is \$3.1 million of telecommunications tax that was deposited into the general fund. The telecommunications tax is the result of House Bill 1068, from the 1997 Legislative Assembly. House Bill 1068 provided for the collection of the telecommunications tax, but failed to authorize a special fund in which to deposit the money prior to distribution. According to North Dakota Century Code, when no special fund is specified, money must be deposited into the general fund. This money will eventually be distributed to counties by the State Tax Commissioner. The Office of Management and Budget intends to propose an amendment to Senate Bill 2101 to provide authorization for a special fund for the telecommunications tax.

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